

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2000-252-C - ORDER NO. 2000-975
DECEMBER 6, 2000

IN RE: Application of LD Exchange.com, Inc. for a)	ORDER
Certificate of Public Convenience and)	GRANTING
Necessity to Provide Intrastate Resold)	CERTIFICATE FOR
Interexchange Telecommunications Services)	LONG DISTANCE
within the State of South Carolina.)	AUTHORITY

This matter comes before the Public Service Commission of South Carolina (the "Commission") by way of the Application of LD Exchange.com, Inc. ("LD Exchange" or the "Company") requesting a Certificate of Public Convenience and Necessity authorizing it to provide intrastate resold interexchange telecommunications services between and among locations within the State of South Carolina as a non facilities-based interexchange telecommunications service provider. The Company's Application was filed pursuant to S.C. Code Ann. §58-9-280 (Supp. 1999) and the Regulations of the Public Service Commission of South Carolina.

The Commission's Executive Director instructed LD Exchange to publish, one time, a prepared Notice of Filing in newspapers of general circulation in the affected areas. The purpose of the Notice of Filing was to inform interested parties of LD Exchange's Application and of the manner and time in which to file the appropriate pleadings for participation in the proceeding. The Company complied with this

instruction and provided the Commission with proof of publication of the Notice of Filing. No Petitions to Intervene were filed.

A hearing was convened on November 22, 2000, at 10:30 a.m. in the Commission's Hearing Room at 101 Executive Center Drive, Columbia, South Carolina. The Honorable William Saunders, Chairman, presided. LD Exchange was represented by Scott A. Elliott, Esquire. Adelaide D. Kline, Staff Counsel, represented the Commission Staff. William P. Blume, Audit Manager II, and David S. Lacoste, Engineer in Utilities Department, testified on behalf of the Commission Staff.

Mr. Joseph R. Root, Secretary and Vice President of LD Exchange, appeared and testified in support of the Application. The record reveals that Mr. Root is also General Counsel for LD Exchange and its parent company, Micro General Corporation. Mr. Root said his main responsibility is to handle certification of the Company in the various states where it seeks certification. The record reveals that Mr. Root joined LD Exchange in February of 2000.

Upon receiving certification from the Commission, LD Exchange plans to provide resold interexchange telecommunications services from points of origin within the State of South Carolina. The Company plans to operate solely as a switchless reseller; it does not plan to construct any facilities in South Carolina. The Company currently operates as a wholesale provider of international telecommunications services to other authorized United States carriers. Mr. Root explained that LD Exchange is a Delaware corporation; that LD Exchange is owned by Micro General Corporation which has been providing long distance services through one of its subsidiaries, ACS Systems, Inc., authorized in

South Carolina. Mr. Root explained that Micro General Corporation is consolidating its telecommunications businesses within LD Exchange and will provide services primarily for its alternative parent corporation, Fidelity National Financial. Mr. Root said that Fidelity National Financial was located primarily in the western part of the United States and acquired Chicago Title in the early part of 2000 which operated primarily in the eastern part of the country. He said this acquisition made Fidelity National Financial the largest title insurer in the country. He said that LD Exchange's target market and potential customers will be those approximately 1,200 Fidelity National Financial offices located coast to coast. Mr. Root offered that some of the offices are directly owned by Fidelity National Financial and some are agent offices that are independently owned. He said the Company does not offer its services to the general public and does not intend to do any telemarketing or advertising to the general public. LD Exchange will market its services through direct sales to the Fidelity National Financial office managers and will use Letters of Authorization, and will comply with the Federal Communications Commission's (FCC) rules regarding verification. Mr. Root testified that LD Exchange does not intend to offer prepaid calling cards in South Carolina and will remove references to such services from its final tariff.

As of the hearing date, LD Exchange had received certification to provide its telecommunications services in thirty-four states. Mr. Root stated that the Company never intended to serve Alaska and currently has certification pending in Connecticut, Maryland and South Carolina. Mr. Root testified that the Company is currently operating in good standing in all the states where it has been certified to provide its services.

According to Mr. Root, LD Exchange has never had authority denied in any state where it has applied for authority nor has the Company had authority revoked in any state where it has been granted authority. Additionally, he said that LD Exchange has never been the subject of an investigation, fined or sanctioned by a state or federal regulatory body.

Regarding the Company's technical ability to offer telecommunications services in South Carolina, Mr. Root offered that LD Exchange will handle its own billing in-house with bills being sent directly to offices on a monthly basis. The Company's underlying carrier in South Carolina will be MCI WorldCom.

As to LD Exchange's managerial abilities to offer the services it proposes to offer in South Carolina, Mr. Root testified that the Company's key management team has extensive experience in the telecommunications industry. He said that his educational background included an undergraduate degree from the United States Military Academy and a law degree from Wake Forest University. His legal career includes several years with R. J. Reynolds Industries and several years in private practice in New York City. Mr. Root testified that John Snedegar is the Company's Chief Executive Officer. The record reveals that Mr. Snedegar is also Chief Executive Officer and President of Micro General Corporation. Mr. Snedegar's telecommunications background includes nine years as President of United Digital Network, Inc. Prior to his involvement with United, Mr. Snedegar was the President and Chief Executive Officer of AmeriTel Management, Inc., a California-based provider of long distance telecommunications and management services. Kerry Pickens is Vice President of LD Exchange. Ms. Pickens has a varied background of twenty-one years in telecom sales, marketing and customer support. She

was previously with IXC Communications headquartered in Austin, Texas, and prior to that time, was the western area sales director at Sprint Wholesale based in Costa Mesa, California. Dale Christensen is LD Exchange's Treasurer and Chief Financial Officer. Mr. Christensen has extensive experience in acquisitions and the public company environment. Prior to joining LD Exchange, he was Chief Financial Officer for Salt Lake City, Utah-based Teltrust, Inc. Prior to that position, he was one of the founders of a regional, facilities-based long distance telecommunications company, United Digital Network, Inc. based in Irving, Texas.

LD Exchange's customer service department is located at the Company's headquarters in Santa Ana, California, and is available twenty-four hours a day, seven days a week. The Company's toll-free customer service telephone number is (888) 435-7526. Mary Serres is LD Exchange's customer service contact person.

Mr. Root testified that Kerry Pickens is the Company's regulatory contact person and that Mr. Root, Ms. Pickens and Mr. Christensen would be the Company's financial contact persons. According to Mr. Root, the Company receives its financial backing from its parent company, Micro General, a publicly-traded company on the NASDAQ Exchange. He further testified that Fidelity Financial Finance will make financial resources available to LD Exchange to keep it financially positive.

Blume testified as to his findings of the Audit Department's review of LD Exchange's financial statements that were submitted as part of the Company's Application. Blume reviewed financial statements included in the Application that were dated as of December 31, 1999, and also reviewed updated financials dated September

30, 2000. According to Blume, the Company's financial position had changed during the nine month period and reflected an improved current ratio with long term debt being about 15% of total liabilities and equity. He testified that the Company's balance sheet indicated that cash was not as strong as the December 1999 statements indicated. Blume further testified that the Company has the financial backing of its parent organization for a year and he determines the Company's business plan to be adequate enough for it to begin to offer the services it proposes to offer in South Carolina.

Lacoste presented testimony to the Commission on the Utilities Department's findings with respect to LD Exchange's Application for a Certificate of Public Convenience and Necessity. Lacoste's testimony includes several recommended changes to the Company's tariff. The Company agreed to make the Commission Staff's suggested changes to its final tariff.

According to the Application and Mr. Root's testimony, LD Exchange requests waivers of 26 S.C. Code Ann. Regs. 103-610 (1976) so that LD Exchange can maintain its records outside of South Carolina. The Company wishes to maintain its books and records at its headquarters in Santa Ana, California; it will keep South Carolina specific records. Mr. Root stated that the Company is aware and agrees to abide by the Commission's regulation that requires that these records be made available for examination by the Commission at reasonable hours. LD Exchange also requested that it be allowed to keep its books and financial records according to the Generally Accepted Accounting Principles (GAAP) rather than according to the Uniform System of Accounts (USOA).

According to the testimony, LD Exchange has not marketed its services in South Carolina prior to receiving certification. Additionally, the Company has not provided local or long distance services in South Carolina or received revenues from the completion of intrastate calls in South Carolina prior to receiving certification. Finally, Mr. Root testified LD Exchange will abide by all the Commission's rules, regulations and Orders upon the Company receiving certification to operate as a reseller of intrastate interexchange telecommunications services in South Carolina.

After full consideration of the applicable law, the Company's application, and the evidence presented at the hearing, the Commission hereby issues its findings of fact and conclusions of law:

FINDINGS OF FACT

1. LD Exchange is organized as a corporation under the laws of the State of Delaware and is authorized to do business as a foreign corporation in the State of South Carolina by the Secretary of State.
2. LD Exchange operates as a non facilities-based reseller of interexchange services and wishes to provide its services in South Carolina.
3. LD Exchange has the experience, capability, and financial resources to provide the services as described in its Application.

CONCLUSIONS OF LAW

1. Based on the above findings of fact, the Commission determines that a Certificate of Public Convenience and Necessity should be granted to LD Exchange to provide intrastate interLATA service and to originate and terminate toll traffic within the

same LATA, as set forth herein, through the resale of intrastate Wide Area Telecommunications Services (WATS), Message Telecommunications Service (MTS), Foreign Exchange Service, Private Line Service, or any other services authorized for resale by tariffs of carriers approved by the Commission.

2. The Commission adopts a rate design for LD Exchange for its resale of interexchange services which includes only maximum rate levels for each tariff charge. A rate structure incorporating maximum rate levels with the flexibility for adjustment below the maximum rate levels has been previously adopted by the Commission. In Re: Application of GTE Sprint Communications Corporation, etc., Order No. 84-622, issued in Docket No. 84-10-C (August 2, 1984).

3. LD Exchange shall not adjust its interexchange rates below the approved maximum level without notice to the Commission and to the public. LD Exchange shall file its proposed rate changes, publish its notice of such changes, and file affidavits of publication with the Commission two weeks prior to the effective date of the changes. However, the public notice requirement is waived, and therefore not required, for reductions below the maximum cap in instances which do not affect the general body of subscribers or do not constitute a general rate reduction. In Re: Application of GTE Sprint Communications, etc., Order No. 93-638, issued in Docket No. 84-10-C (July 16, 1993). Any proposed increase in the maximum rate level for interexchange services reflected in the tariff which would be applicable to the general body of the Company's subscribers shall constitute a general ratemaking proceeding and will be treated in

accordance with the notice and hearing provision of S.C. Code Ann. §58-9-540 (Supp. 1999).

4. If it has not already done so by the date of issuance of this Order, LD Exchange shall file its revised tariff and an accompanying price list within thirty (30) days of receipt of this Order. The revised tariff shall be consistent with the findings of this Order and shall be consistent with the Commission's Rules and Regulations.

5. LD Exchange is subject to access charges pursuant to Commission Order No. 86-584, in which the Commission determined that for access purposes resellers and facilities-based interexchange carriers should be treated similarly.

6. With regard to the Company's resale of service, an end-user should be able to access another interexchange carrier or operator service provider if the end-user so desires.

7. LD Exchange shall resell the services of only those interexchange carriers or LECs authorized to do business in South Carolina by this Commission. If LD Exchange changes underlying carriers, it shall notify the Commission in writing.

8. LD Exchange shall file surveillance reports on a calendar or fiscal year basis with the Commission as required by Order No. 88-178 in Docket No. 87-483-C. The proper form for these reports can be found at the Commission's website at www.psc.state.sc.us/forms. The title of this form is "Annual Information on South Carolina Operations For Interexchange Companies and AOS". Be advised that the Commission's annual report for telecommunication companies requires the filing of intrastate revenues and intrastate expenses.

9. The Company shall, in compliance with Commission regulations, designate and maintain an authorized utility representative who is prepared to discuss, on a regulatory level, customer relations (complaint) matters, engineering operations, tests and repairs. In addition, the Company shall provide to the Commission in writing the name of the authorized representative to be contacted in connection with general management duties as well as emergencies which occur during non-office hours. LD Exchange shall file the names, addresses and telephone numbers of these representatives with the Commission within thirty (30) days of receipt of this Order. The "Authorized Utility Representative Information" form can be found at the Commission's website at www.psc.state.sc.us/forms; this form shall be utilized for the provision of this information to the Commission. Further, the Company shall promptly notify the Commission in writing if the representatives are replaced.

10. With regard to the origination and termination of toll calls within the same LATA, LD Exchange shall comply with the terms of Order No. 93-462, Order Approving Stipulation and Agreement, in Docket Nos. 92-182-C, 92-183-C, and 92-200-C (June 3, 1993), with the exception of the 10-XXX intraLATA dialing requirement, which has been rendered obsolete by the toll dial parity rules established by the Federal Communications Commission, pursuant to the Telecommunications Act of 1996 (See, 47 CFR 51.209).

11. By its Application and testimony at the hearing, LD Exchange requested a waiver from the Commission's requirement to maintain its books within the State of South Carolina according to 26 S.C. Code Ann. Regs. 103-610 (1976). The Commission

grants the Company's request to waive the record keeping regulation so that its books and records may be kept at its principal office and headquarters in Santa Ana, California. The Commission also grants LD Exchange the opportunity to keep its books and records in accordance with GAAP rather than the USOA.

12. The Company is directed to comply with all Rules and Regulations of the Commission, unless a regulation is specifically waived by the Commission.

13. This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:


Chairman

ATTEST:


Executive Director

(SEAL)